THE Market Administrator's BULLETIN

MARKET ADMINISTRATOR

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Milk Production Continuing Near Year Earlier, Despite Fewer Cows

Production of milk in the United States was above a year earlier from January through April. The 4-month total was larger than a year earlier by about 150 million pounds — about 4 percent. In May, June and July, however, production was below that of a year earlier. The total for January through July this year was 78.4 billion pounds, compared with 78.6 billion pounds, a year earlier, a decline of 0.2 percent. The severe winter and late spring undoubtedly retarded the rate of production per cow somewhat. Also, the rate of production per cow usually has shown a smaller gain over a year earlier during the summer than during the fall and winter. As the number of cows was decreasing, total milk output fell below that of a year earlier.

Prices for beef cattle and hogs will be declining seasonally in coming months, and thus will have less effect on reducing the number of milk cows than in the past several months. Milk-feed price relationships continue exceptionally favorable. Pastures continue well above average, and production of feed grains generally and roughages will be very large, relative to livestock numbers. There is some indication that weekly production of milk by the end of July was closer to that of a year earlier than it had been for at least two months. Production of butter in the week ending July 24, was 2 percent above a year earlier, the largest increase since the week ending April 3. Production of cheese was still 2 percent below a year earlier and was with one exception nearer that of a year earlier than at any time since early February. This is significant in view of the fact that the gain in milk output in recent years has been less in the July-September quarter than in any other quarter. In the October-December quarter, on the other hand, production shows a greater increase, nearly as great as in January-March and in 1957 was 16 percent above the 1947-49 average for the last quarter of the year — the increase for July-September in the same period was only 3.0 percent. These tendencies for production to show larger year-to-year increases in the closing months of the year than in the summer and exceptionally favorable feed and pasture conditions and prospects, suggest that total milk output might very well surpass that of a year earlier by a slight amount in a part of the remainder of this year. This would be an offset to the 0.2 billion pounds net drop from a year earlier experienced January through July. Production for the years as a whole therefore probably will approximate the previous record of 126.4 billion pounds reached in 1957.

AVERAGE PRODUCTION PER COW CONTINUES INCREASE

Average production per cow in the United States has increased rapidly for several decades. Even though there are 32 percent fewer milk cows than in 1944, total milk production is 7 percent larger. The current acceleration in this decline raises two interesting questions: (1) What accounts for the increase in production of milk per cow? and (2) What is the likely future trend?

Expansion in the production potential of milk cows has been made possible by growing use of artificial insemination and use generally of bulls with the ability to transmit higher production potential to their offspring. In addition, animals have been selected for ability to consume larger amounts of feed, and apparently feeding rates have been increased to obtain the increase in milk production. For instance, the amount of milk produced per pound of feed concentrates supplied per animal has been practically constant for the period that data have been collected on this subject. There is a question, however, as to how much increased milk output is due to increased concentrate feeding and how much to increased quantities of improved roughages.

From 1947 to 1956, average production of milk per cow increased approximately 1,000 pounds. Moreover, the average weight of dairy cows in the United States has increased, probably about 100

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Market Facts

Columbus

MARKET FACTS FOR EASY REFERENCE

	Aug. 1958	July 1958	Aug. 1957
PRICE SUMMARY			
Producers' Uniform Price (3.5%)	$4.25	$3.51	$4.41
Producers' Uniform Price (4%)	4.615	3.855	4.775
Class I (3.5%)	4.383	4.079	4.579
Class II (3.5%)	3.983	3.679	4.179
Class III (3.5%)	3.883	3.279	4.079
Class IV (3.5%)	2.880	2.856	3.076
Producer Butterfat Differential for each 1/10%	7.3¢	6.9¢	7.3¢
UTILIZATION SUMMARY			
Percent of Producer Milk in Class I	83.9	72.0	80.7
" " " B.F. " " I	81.3	71.1	79.7
" " " Milk " " II	9.0	8.8	8.8
" " " B.F. " " II	2.5	2.6	2.4
" " " Milk " " III	2.8	11.0	6.7
" " " B.F. " " III	5.2	15.6	4.9
" " " Milk " " IV	4.3	8.2	3.8
" " " B.F. " " IV	11.0	10.7	13.0
PRODUCTION SUMMARY			
Total Pounds of Producer Milk Delivered	22,444,604	25,099,314	23,766,796
Average Daily Class I Producer Milk	607,381	582,945	618,757
Total Number of Producers	1,782	1,808	1,892
Average Daily Production per Producer	406	448	405
Average Butterfat Test	3.71	3.67	3.64
Total Value of Producer Milk at Test	$988,093.95	$996,285.02	$1,073,133.77
Income per Producer (7 Day Average)	$127.46	$124.43	$128.08
GROSS CLASS USE (Pounds)			
Class I Skim	18,169,248	17,532,591	18,628,903
" I B.F.	677,789	656,084	689,422
" I Milk	18,847,037	18,188,675	19,318,325
" II Skim	1,993,124	2,184,859	2,077,273
" II B.F.	20,834	23,524	20,987
" II Milk	2,013,958	2,208,383	2,098,260
AVERAGE DAILY SALES (Quarts)			
Milk	243,146	238,859	254,535
Buttermilk	6,548	6,615	7,288
Chocolate	11,341	9,663	12,421
Skim	8,168	8,355	7,621
Cream	7,119	6,944	7,131

COMPARATIVE STATISTICS ★ COLUMBUS MARKETING AREA ★ Aug., 1949-58

Year	Receipts from Producers	Average Butter-fat Test	Percentage of Producer Milk in Each Class				Uniform Producer Price (3.5%)	Class prices at 3.5%				Number of Producers	Daily Average Production
			Class I	Class II	Class III	Class IV		Class I	Class II	Class III	Class IV		
1949..........	18,275,362	3.98	67.0	7.1	19.6	6.3	3.90	4.053	3.802	3.653	3.199	2,410	245
1950..........	18,786,228	3.95	69.1	22.2	8.7	—	3.93	4.096	3.696	3.020	—	2,128	285
1951..........	18,888,092	3.87	73.6	21.3	5.1	—	4.54	4.696	4.296	3.493	—	2,114	288
1952..........	19,286,647	3.85	72.9	25.0	2.1	—	4.96	5.078	4.678	3.902	—	2,122	293
1953..........	22,847,072	3.77	68.9	22.0	9.1	—	4.38	4.61	4.21	3.433	—	2,223	331
1954..........	22,164,011	3.78	73.6	7.9	10.8	7.7	4.10	4.277	3.877	3.877	3.101	2,157	331
1955..........	22,723,836	3.70	77.0	8.9	11.3	2.8	4.33	4.427	4.027	4.027	3.151	2,089	351
1956..........	24,008,583	3.70	76.0	9.8	9.5	4.7	4.34	4.496	4.096	4.096	3.220	2,032	381
1957..........	23,766,796	3.64	80.7	8.8	6.7	3.8	4.41	4.579	4.179	4.079	3.076	1,892	405
1958..........	22,444,604	3.71	83.9	9.0	2.8	4.3	4.25	4.383	3.983	3.883	2.880	1,782	406

Prices to Farmers for Milk Average Under 1957 Level

The prices paid by processors for manufacturing milk declined, relative to a year earlier, in April, reflecting the drop in support level effective for this marketing year. The price in April at $3.03 per hundredweight for 3.7 percent milk was 16 cents under that of April, 1957, while in January through March the reduction ranged from 3 to 5 cents per hundredweight. The preliminary figure for July at $3.04 per hundredweight, compares with $3.18 a year earlier. The price paid by dealers for milk used in city distribution (Class I) in 165 major markets at $5.27 per hundredweight, was the same as in July, 1957. The average price received by farmers for all milk (manufacturers and fluid outlets combined) dropped 14 cents from July last year to an average of $3.84 in July, 1958. The preliminary indication of a 14 cent drop in all milk, equal to the manufacturing price change, despite no change in the Class I price may reflect several factors. In the first place all three are preliminary, subject to change in the next month. The price on neither of the components is completely representative—the Class I price, for example, covers just 165 markets of the country. Finally, the practice of granting discounts from quoted prices in a number of unregulated markets has been increasing in recent years. All of these conditions, as well as others may have contributed to the apparent discrepancy.

Prices to farmers for whole milk will tend to increase in the next 6 months as a result of a rising average fat test, utilization of a larger proportion in fluid milk outlets, and possibly some strengthening of prices for some of the products. In 1957 the average price received by farmers for all milk increased from $3.98 per hundredweight in July to the annual seasonal peak of $4.62 per hundredweight in November and then declined to $4.51 in December. The average for the year was $4.20. In July, 1958 farmers received 81 percent of parity for all milk delivered to plants and dealers and 76 percent for butterfat. The actual price to farmers for manufacturing milk in July, 1958, $3.04 per hundredweight, was slightly above the 75 percent of parity support level in effect for this marketing year. The July price, adjusted for seasonal variation in milk fat test, was equivalent to $3.15 per hundredweight compared with the announced support price of $3.06 for 3.9 percent milk, the yearly average fat test.

In the past 12 months, the value of concentrates supplied to milk cows showed the same decline as the price of all milk, and the milk-feed price ratio was 1.30 in July, 1957 and 1958. Thus, as present, 100 pounds of milk is equivalent to 11 percent more feed supplied to milk cows than the 10-year average for July. The butterfat-feed price ratio increased 6 percent over July, 1957 and 10 percent over the 10-year average for that month. The price of milk products, compared with meat animals, shows a considerable decline from the summer of 1957.

FLUID MILK USE INCREASED LESS THAN POPULATION IN FIRST HALF OF 1958

During the first half of 1958, as has been the case generally for the last few years, supplies of milk have been sufficient to meet current consumption in the form of fluid milk and cream. Up until this year, use of fluid whole milk in Federal Order markets usually has shown larger increases than the expansion in population for the country as a whole. Most of the time in 1958, however, the increase in fluid milk use has been smaller than the probable increase in population. In March and April total use dropped a little under that of a year earlier. In the first 6 months, total sales of fluid whole milk for a selected group of Federal Order markets were larger than in January-July, 1957 by only 0.3 percent. Using aggregate data on milk production and probable use in factory output of dairy products suggest a gain in fluid milk use of around 1.3 percent. In other words, the gain in fluid milk use during the first half of 1958 appears to be no more than about 1 percent; the gain in population for the same period probably was around 1¾ percent.

The average retail price per quart of milk (BLS data) both delivered to homes and sold through stores, showed a much larger decline from the first to second quarter this year than either of the two preceding years. Nevertheless, the average price through both channels continues above the previous record set in 1957.

THE
Market Administrator's
BULLETIN

RETURN POSTAGE
GUARANTEED

79 East State Street
Room 505
COLUMBUS, OHIO

BE STRONGER
LIVE LONGER
DRINK MILK

Market Quotations

Aug.
1958

12 MIDWEST CONDENSERIES 3.5% per Cwt.	$2.960
5 CONDENSERIES (Cincinnati) 3.5% per Cwt.	2.8475
5 CONDENSERIES (North Central Ohio) 3.5% per Cwt.	2.861
2 CONDENSERIES (Toledo) 3.5% per Cwt.	2.788
4 CONDENSERIES (Tri-State) 3.5% per Cwt.	2.875
Evaporated Milk Code Price, 3.5% per Cwt.	2.763
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Cincinnati)	3.0125
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Columbus)	3.003
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Dayton)	3.027
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Toledo-Tri-State)	2.901
Average Weekly Cheddars price per lb.	.3177
Average price per lb. non-fat dry milk solids, roller process delivered Chicago	.13175
Average price per lb. 92-score butter at Chicago	.58137
Average carlot prices non-fat dry milk solids, roller and spray process, f.o.b. manufacturing plant	.1264

Average Cow Production Increasing

(Continued from page one)

pounds, thus raising the feed requirements for maintenance purposes. Over the 10-year period, the amount of feed concentrates fed per animal increased from 1,584 pounds to 1,908 pounds in 1956, a gain of 324 pounds. Based on average requirements of feed nutrients per pound of milk, this increase would have been sufficient to account for nearly two-thirds of the gain in output of milk from the larger cow. Quantities of roughage fed per cow also have increased substantially, though to some extent, farmers have substituted increased feeding of hay and silage for pasture feeds in the last decade.

The above calculations necessarily assume constant quality of roughages, an assumption not valid because of the improvements in harvesting and preserving procedures. However, no data are available on average improvements in quality of roughages.

With regard to the question of future trend in rate of milk production per cow, pertinent observation may be made concerning (1) the upper production levels already obtained in this country, and (2) trends in rates in some other dairy countries of the world. A significant number of commercial dairy herds within Dairy Herd Improvement Associations of the U. S. now produce an average of more than 15,000 pounds of milk per cow as compared with the average production for all cows of less than 6,200 pounds in 1957. The average production for all cows within D. H. I. A. averaged in 1957 over 9,000 pounds of milk, about 50 percent over the U. S. average for all cows. Nevertheless, the annual rate of increase for D. H. I. A. cows has been nearly as high as for the average for all cows in the United States, and higher than the averages for a number of States. Conclusions on the basis of D. H. I. A. averages cannot be wholly conclusive because of the steady rise in herd enrollments within the program.

In a number of foreign countries the average production of milk per cow is in excess of the U. S. average. However, in no instance has the rate ceased to rise. The largest increase over pre-World War II levels has been recorded by the United Kingdom – in 1957 their average was 77 percent over 1937-39, compared to the increase of 36 percent for the United States. The average for 1957 for the United Kingdom was 6,800 pounds, compared to the U. S. average of 6,200. Among the foreign countries the highest rate currently is The Netherlands, with 8,700 pounds per cow, followed by Belgium, with 8,400 pounds, and Denmark, with 8,100 pounds. Among individual States of the United States, only California has exceeded an average of 8,000 pounds – reaching 8,900 pounds in 1957. The State of Wisconsin was second with 7,600 pounds. In both of these States, moreover, the rate of increase has been accelerated in recent years.

The above observations on trends in milk production rates per cow suggest that there is no reason to expect a falling off in the annual rate of increase in average production of milk per cow in the United States. In fact, an increase may appear the more likely prospect.